



DATE: October 2, 2009

TO: Commissioner Greg Drees
Commissioner Richard Francisco
Commissioner Elizabeth Garst
Commissioner Tammi Kircher
Commissioner Janelle Rettig

FROM: Michelle Wilson, Project Manager, Honey Creek Resort State Park (HCRSP)

RE: Honey Creek Resort State Park August 2009 Operation Income Statements and Construction Update

Enclosed you will find Central Group Companies Inc.'s operations income statement for the month of August 2009 as received by the Department on September 30, 2009.

Food and Beverage

In August, Central Group Companies Inc. reported that there were 15,985 covers served, down from 16,482 covers in July but higher than the 15,016 budgeted. Food and Beverage revenue in August was \$12,116 lower than projected, but savings were made up in expenses.

Occupancy

August 2009

| | Iowa Market | Regional Market | Honey Creek RSP | | FY10 Pro Forma | |
|-------------------------------|----------------|--------------------|-----------------|----------|-------------------|----------|
| | | | Lodge | Cabin | Lodge | Cabin |
| Occupancy | 59% | 48.5% | 70.3% | 79.5% | 69.6% | 70.2% |
| Average Daily Rate | \$72.16 | \$145.78 | \$113.09 | \$303.15 | \$297.14 | \$309.00 |

Preliminary reports received from Central Group Companies, Inc. show occupancy for September in the lodge at 59.02 percent and cabin occupancy 43.21 percent with 58.1 percent and 41.2 percent respectively in the 2010 pro forma.

Sales and Marketing

In the month of August, staff from the Department and Central Group worked on the state fair display, golf media event, and on web page redesign and review. Honey Creek hosted golf writers the first part of September at the same time golf photographer Peter Wong was on property.

The website has had some changes over the last month and new pages are continuing to be developed. This should increase the overall flow and readability of the site and direct guests to areas of interest.

On-media television advertising for the resort and billboard campaigns on golf packages started running in August. This was in addition to newspaper advertising, e-mail blasts, and social media advertising that Central Group Companies has implemented.

The Preserve

August golf is again under for the month on revenue by \$74,577. Marketing staff continue to work with the Department on additional promotions for golf. As mentioned above, the resort was also host to a golf media day event the first part of September.

Construction

The Department is currently waiting for re-design plans for the dock gangway from TSP and The Hansen Company's subcontractor ShoreMaster. Previous re-design plans were not acceptable to the Department. Guests to the resort are still able to utilize all dock/boating services.

Work has started on the two remaining trail segments. There is also a small segment of trail by the Lodge's back loading dock that is currently open. This will remain open until the construction of the dock gangway re-design is completed so that they may take heavy equipment down to that area.

The playground equipment is installed and all the concrete work and rubber matting is down. Finish grading has also occurred around the area and ready for planting. The only remaining component yet to be completed is the sand that will be dumped into the dig pits.

Honey Creek Resort State Park
Project Budget

| Budget Category | | Source of Funds | | | | Total | Expended to Date | Balance Remaining | Total | | | | | | |
|--|------|---------------------|---------------|-------|--------------|-------|------------------|-------------------|-----------------|----------------|---------------|--------------|---------------|--------------|---------------|
| | | General Honey Creek | MFT | P & I | | | | | | | | | | | |
| Non-Construction Expenses | | | | | | | | | | | | | | | |
| Pre Bond Expenses from 2002/2003 appropriation | | \$ | 1,850,000.00 | | | \$ | 1,850,000.00 | \$ | 1,849,838.00 | \$ | 162.00 | \$ | 1,850,000.00 | | |
| Staff, misc. expenses | | \$ | 1,050,000.00 | | | \$ | 1,050,000.00 | \$ | 1,080,596.86 | \$ | (30,596.86) | \$ | 1,050,000.00 | | |
| Architecture & Engineering | *** | \$ | 3,557,507.00 | | | \$ | 3,557,507.00 | \$ | 3,486,320.55 | \$ | 71,186.45 | \$ | 3,557,507.00 | | |
| Art Project | | \$ | 225,000.00 | | | \$ | 225,000.00 | \$ | 191,565.00 | \$ | 33,435.00 | \$ | 225,000.00 | | |
| Legal | | \$ | 150,000.00 | | | \$ | 150,000.00 | \$ | 187,688.86 | \$ | (37,688.86) | \$ | 150,000.00 | | |
| Preopening Compensation | | \$ | 958,936.00 | | | \$ | 958,936.00 | \$ | 993,366.94 | \$ | (34,430.94) | \$ | 958,936.00 | | |
| Construction Packages | | | | | | | | | | | | | | | |
| Golf Course & Grading | | \$ | 5,645,961.65 | \$ | 46,702.61 | \$ | 1,242,334.03 | \$ | 6,934,998.29 | \$6,934,998.29 | \$ | - | \$ | 6,934,998.29 | |
| Golf Buildings | | \$ | 799,587.00 | | | | | \$ | 799,587.00 | \$774,802.64 | \$ | 24,784.36 | \$ | 799,587.00 | |
| Lodge Base Bid | \$ | 19,340,000.00 | | | | | | | | | | | | | |
| Approved Change Orders (Including Hardscape) | \$ | 1,409,011.00 | | | | | | | | | | | | | |
| Total Lodge Package | | \$ | 20,749,011.00 | | | | \$ | 20,749,011.00 | \$20,667,367.81 | \$ | 81,643.19 | \$ | 20,749,011.00 | | |
| Sewer System and Lagoon | | \$ | 1,421,634.00 | \$ | 403,361.00 | | \$ | 1,824,995.00 | \$1,200,262.27 | \$ | 624,732.73 | \$ | 1,824,995.00 | | |
| Docks | | \$ | - | \$ | 435,300.00 | | \$ | 435,300.00 | \$374,941.14 | \$ | 60,358.86 | \$ | 435,300.00 | | |
| Roads and Parking | | \$ | 1,212,104.10 | \$ | 757,677.92 | \$ | 4,614,384.98 | \$ | 6,584,167.00 | \$6,716,899.25 | \$ | (132,732.25) | \$ | 6,584,167.00 | |
| Landscaping and Signs | | \$ | 138,875.00 | | | | \$ | 138,875.00 | \$76,383.80 | \$ | 62,491.20 | \$ | 138,875.00 | | |
| Cabins Base Bid | \$ | 5,058,000.00 | | | | | | | | \$ | - | \$ | - | | |
| Alternate 1 - Geothermal | \$ | 218,000.00 | | | | | | | | | | | | | |
| Alternate 2 - Concrete pads | \$ | 23,100.00 | | | | | | | | | | | | | |
| Approved Change Orders | \$ | 110,100.00 | | | | | | | | | | | | | |
| Total Cabin Package | | \$ | 5,409,200.00 | | | | \$ | 5,409,200.00 | \$5,143,967.33 | \$ | 265,232.67 | \$ | 5,409,200.00 | | |
| Activity Building | | \$ | 350,000.00 | | | | \$ | 350,000.00 | | \$ | 350,000.00 | \$ | 350,000.00 | | |
| Playground | | \$ | 200,000.00 | | | | \$ | 200,000.00 | \$9,557.00 | \$ | 190,443.00 | \$ | 200,000.00 | | |
| Beach | **** | \$ | 80,000.00 | | | | \$ | 80,000.00 | | \$ | 80,000.00 | \$ | 80,000.00 | | |
| Equipment and Furnishings | | | | | | | | | | | | | | | |
| Golf Course Equipment | | \$ | 464,315.40 | * | | | \$ | 464,315.40 | \$464,315.40 | \$ | - | \$ | 464,315.40 | | |
| Experience Plan - Interpretation | | \$ | 50,000.00 | | | | \$ | 50,000.00 | \$48,950.12 | \$ | 1,049.88 | \$ | 50,000.00 | | |
| Lodge FFE | | \$ | 3,025,339.63 | * | | | \$ | 3,025,339.63 | \$3,028,259.37 | \$ | (2,919.74) | \$ | 3,025,339.63 | | |
| Lodge FFE Design | | \$ | 268,258.34 | * | | | \$ | 268,258.34 | \$268,258.34 | \$ | - | \$ | 268,258.34 | | |
| Cabin FFE | | \$ | 732,513.17 | | | | \$ | 732,513.17 | \$733,713.12 | \$ | (1,199.95) | \$ | 732,513.17 | | |
| Contingency and Bond Requirements | | | | | | | | | | | | | | | |
| Change Orders & Contingency | \$ | - | | | | | | | | | | | | | |
| Change Orders & Contingency - Cabins | \$ | - | | | | | | | | | | | | | |
| Total Change Orders & Contingency | | \$ | - | | | | \$ | - | | \$ | - | \$ | - | | |
| Operating Reserve Fund | | \$ | 500,000.00 | | | | \$ | 500,000.00 | \$211,538.28 | \$ | 288,461.72 | \$ | 500,000.00 | | |
| Additional Operating Contingency (First Bond Payment due 6/1/09) | | \$ | 753,743.00 | | | | \$ | 753,743.00 | \$705,945.86 | \$ | 47,797.14 | \$ | 753,743.00 | | |
| Total Expenditures | | \$ | 49,591,985.29 | \$ | 1,643,041.53 | \$ | 5,856,719.01 | \$ | 57,091,745.83 | \$ | 55,149,536.23 | \$ | 1,942,209.60 | \$ | 57,091,745.83 |
| Source of Funds | | | | | | | | | | | | | | | |
| Appropriations (pre-FY09) | | \$ | 5,500,000.00 | | | | \$ | 5,500,000.00 | | | | | | | |
| Appropriations (FY09) | | \$ | 8,000,000.00 | | | | \$ | 8,000,000.00 | | | | | | | |
| Bond Proceeds | | \$ | 28,000,000.00 | | | | \$ | 28,000,000.00 | | | | | | | |
| Other (interest) | | \$ | 1,801,399.83 | | | | \$ | 1,801,399.83 | | | | | | | |
| Appanoose County | | \$ | 357,250.00 | | | | \$ | 357,250.00 | | | | | | | |
| Monroe County | | \$ | 357,250.00 | | | | \$ | 357,250.00 | | | | | | | |
| Rathbun Lake Resort, Inc. (RLR) | | \$ | 1,535,500.00 | | | | \$ | 1,535,500.00 | | | | | | | |
| SWAP/Waste Tire Funds | | \$ | 200,000.00 | | | | \$ | 200,000.00 | | | | | | | |
| EPA Funds for bioretention | | \$ | 100,000.00 | | | | \$ | 100,000.00 | | | | | | | |
| FY07 Grow Iowa Values Fund | | \$ | 1,000,000.00 | | | | \$ | 1,000,000.00 | | | | | | | |
| FY08 Grow Iowa Values Fund | | \$ | 1,000,000.00 | | | | \$ | 1,000,000.00 | | | | | | | |
| FY09 Grow Iowa Values Fund | ** | \$ | 811,000.00 | | | | \$ | 811,000.00 | | | | | | | |
| FY10 Grow Iowa Values Fund (Contingent) | ** | \$ | 900,000.00 | | | | \$ | 900,000.00 | | | | | | | |
| Marine Fuel Tax | | | | \$ | 1,643,041.53 | | \$ | 1,643,041.53 | | | | | | | |
| Parks & Institutional Roads | | | | | | \$ | 5,856,719.01 | \$ | 5,856,719.01 | | | | | | |
| Total Funding | | \$ | 49,562,399.83 | \$ | 1,643,041.53 | \$ | 5,856,719.01 | \$ | 57,062,160.37 | | | | | | |
| Variance | | \$ | (29,585.46) | \$ | - | \$ | - | | | | | | | | |

Source: Budget and Finance Bureau
10/2/2009

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10/2/2009

Honey Creek Resort State Park

Project Budget

In-Kind Matching

| | |
|--------------------------------------|-------------|
| Rathbun Regional Water Association | \$928,000 |
| Chariton Valley Electric Cooperative | \$877,170 |
| Iowa Telecom | \$250,000 |
| Total In-Kind Matching | \$2,055,170 |

Future Development:

| | |
|--|-------------|
| RV Shelter and Restroom | \$250,000 |
| Golf Cart Storage Building | \$100,000 |
| Picnic Shelter and Restroom for day use area | \$100,000 |
| Emergency Vehicle Access and Trail Bridge | \$4,500,000 |
| Need to secure additional funding | \$4,950,000 |

* Items are completed; budget has been adjusted to reflect actual expenses.
** FY 09 Values funds were cut \$189K, not 20% as noted in letter from DED. FY 10 amount was cut to \$900,000 per legislation.
***This item reflects changes in the contract between the Department and TSP based on the Compromise Agreement from July 2008
****Design and constrction costs have been finalized for the beach